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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, August 2, 1999

PETITION OF

CASE NO. PUA990036

CFW COMMUNICATIONS COMPANY
AND
NETACCESS, INC.

For approval for the acquisition by CFW Communications
Company of NetAccess, Inc., and its wholly owned subsidiary

ORDER GRANTING APPROVAL

On June 11, 1999, CFW Communications Company (“CFW”) and NetAccess, Inc. (“NetAccess”), (collectively, “Applicants”) filed a petition with the Commission under the Utility Transfers Act. In the petition, CFW and NetAccess request approval for CFW to acquire NetAccess and its wholly owned subsidiary, NA Communications, Inc.

As described in the petition, CFW is a regional communications company organized under the laws of the Commonwealth of Virginia. Through its subsidiaries, CFW provides a broad range of products and services to business and residential customers located throughout central and western Virginia and West Virginia, including local telephone, cellular and paging, digital PCS, directory assistance, and competitive local telephone access. Included in the subsidiaries is CFW Telephone. NetAccess, headquartered in Abingdon, Virginia, provides dial-up and dedicated Internet access services, digital subscriber line service, web hosting, Internet site design services and private network connectivity via frame relay, ISDN, and wide

area Ethernet service throughout its service area, including Knoxville, Tennessee, the Tri-Cities area of Tennessee, and all of Southwest Virginia extending to Roanoke and Lynchburg, Virginia. NetAccess's wholly owned subsidiary, NA Communications, Inc. (the "Telephone Subsidiary"), is a public service company certificated to provide competitive local exchange service within the Commonwealth of Virginia.

CFW entered into a Purchase Agreement (the "Agreement") with NetAccess through which CFW purchased newly issued NetAccess stock resulting in a ten per cent ownership interest in NetAccess for a price of \$600,000. In addition, CFW obtained an option to purchase the remainder of the outstanding NetAccess stock at a later date. As consideration for the sale of the remaining stock, CFW agreed to pay to the shareholders of NetAccess in the year 2001 an additional amount of \$5,400,000 plus additional earn-out and reciprocal compensation payments in the year 2000, based upon the financial performance of NetAccess in the year 2000. By exercising the option, CFW will become the sole shareholder of NetAccess, and NetAccess will become a wholly owned subsidiary of CFW. Furthermore, by acquiring Net Access, CFW indirectly will acquire the Telephone Subsidiary as well.

Applicants represent that, after completion of the proposed stock transfer, at least through December 31, 2000, NetAccess will retain its corporate existence and will continue to operate in a manner consistent with its past practices. Moreover, at least until December 31, 2000, CFW agrees to vote its stock in NetAccess to elect two individuals selected by the shareholders of NetAccess and reasonably acceptable to CFW to the Board of Directors of NetAccess. CFW and NetAccess, therefore, represent that neither the management style nor operation of NetAccess is expected to change.

THE COMMISSION, upon consideration of the petition and representations of CFW Communications Company and NetAccess and having been advised by its Staff, is of the opinion that the above-described disposition and acquisition of the shares of NetAccess will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates. Accordingly,

IT IS ORDERED THAT:

- 1) Pursuant to §§56-88.1 and 56-90 of the Code of Virginia, the above-described disposition and acquisition of the shares of stock of NetAccess, Inc., and the indirect transfer of control of NA Communications, Inc., is hereby approved as described herein.
- 2) There appearing nothing further to be done in this matter, it hereby is dismissed.